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4 November 1958

MEMORANDUM FOR: Special Assistant/DIS

ATTENTION: Mr. [REDACTED]

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SUBJECT: Admin. Plans and Fiscal Accounts

Submitted herewith are answers by IO Division Support Staff to questionnaire re ADMIN. PLANS AND FISCAL ACCOUNTS:

#1. Determination that Admin. Plans or Fiscal Accounts are serving the purposes intended is made through the smoothness of the operation. If the funding is continually accomplished without security breach, and if there is an unbroken string of receipts and accountings, and the records of Finance Division are kept in a current status, then obviously the Plan or Account is serving well.

Follow-up on compliance with the Plan or Account is not really necessary in most projects, since 95% of each Plan or Account concerns Finance. Non-compliance will be brought to the attention automatically by routine runs from the Finance Division. Follow-up on compliance with a Plan regarding a proprietary is almost impossible until at least a year has elapsed. The many components (making a force of the need-to-know basis) have to be brought in the net. General Counsel on organization, Central Cover Division for funding and other commercial aspects, Commercial Staff for determining that personnel and operations do not compromise the cover company's ostensible business function; Contract Personnel Division (and sometimes GIC) on contracts, Letters of Understanding, etc.; Security Division on clearances of certain type employees or contacts; Logistics Office regarding leases or acquisition of property and/or equipment, and ad infinitum. Thus, it would take the better part of a year to decide what is "compliance."

In IO Division, all Admin. Plans and Fiscal Accounts are periodically reviewed, but not necessarily with a view to complete compliance. For example, an Admin. Plan may require "Letters of Understanding" from all Board Members of X Project. We find that 7 of the 10 Board Members of X project lend only their names to the letterhead...they know nothing of the daily operations of the project, and perhaps don't even know personally the other Board Members. Ordinarily these 7 Board Members would be asked to sign only a Secrecy Agreement, whereas the 3 active Board Members would get the full treatment.

Technically, we are wrong; operationally, we are sensible and reasonable.

IO Division Case Officers are "Plan or Annex Conscious." Unusual situations are always brought by them to the Support Office. Occasionally we find we have to amend a Plan or Annex because of this existent situation.

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#2. Yes. IO coordinates its Branch 3 Plans very closely with [REDACTED] before final preparation.

#3. We have discovered that this is a mistake to make a "clear and definitive statement of the relationships which exist between the [REDACTED] entity, the Agency, principal agents, cut-outs, etc." in an Admin. Plan or Fiscal Annex. It is safe to say that 50% of all Plan Amendments in the past have been because definite statements were made, pseudonyms named, organizations identified, only to have people, places and things change, but not necessarily the project or the operation. The lines of demarcation between Agency and project should be drawn, but never pinpointed. The Support Office will go mad trying to keep the Plan amended.

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#4. IO Division has had no experience with operational loans.

#5. On large projects - yes. The idea has merit especially if the tabs or attachments are "general information material." Certainly Plan Amendments should be held (re concurrence) to the component concerned. However, we wish to point out that this apparently still leaves at least 6 signatures to be obtained. For example: IO Division - CM Staff - PP Staff - ED/D - SIA/IES plus the component concerned in the amendment. SUGGESTION: Amendment concurrences be held to the (1) initiating Division, (2) the component concerned, and (3) approval of the SIA/IES. PP Staff and CM Staff could receive information copies after approval.

#6. Projects can be transferred only to a "Class A" station, which has a full-time auditor (or at least periodic audits). It is the responsibility of the Operating Division to furnish the Station with a sterile copy of the Plan. After that....? IO Division has no recourse to Station operations except through Audit.

#7. Generally, by reading the Project Outline, by conferring with the Case Officer, and if special conditions or techniques are indicated, by conferring with the affected component, such as, Certifying Officers, Central Cover Division, etc.

#8. It is not understood what is meant by "direct" project. The regulation is pretty clear on defining the type projects which require a plan or annex.

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#9. Yes - See No. 7.

#10. IO Division attempted several times to make plans shorter by outlining "general" techniques and requirements rather than "clearly defining and pinpointing." The results seem to be successful in that minor deviations are no longer considered "violations."

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#11. No comment re IO Division. However, in the opinion of Mr. [REDACTED] DC/IO/BS, formerly of PAPS, Fiscal Agencies should be entirely suited to FI Projects.

#12. They should not be written in the Plan at all. Conditions and people (agents) are constantly changing in the Projects. It would seem that definite rules and obligations regarding Staff and Contract Agents taxes, expenses, action, etc., could be in Regulations, or written in the contract.

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[REDACTED]
- of IO Support Staff

Attachments:

Questionnaire